



## News Analysis

# Bonn's Diplomatic Strength Is Growing

By Paul Lewis

BONN, July 24 (NYT) — The outcome of the Western economic conference has been widely and accurately portrayed as a personal victory for its host, Chancellor Helmut Schmidt. But his victory has a significance extending far beyond the economic sphere. It is another sign that 30 years after losing World War II, West Germany is finally acquiring the diplomatic muscle to match its economic strength.

The changing balance of power in the Western world was the deeper theme running through the talks in Beethoven's Rhineland birthplace. Mr. Schmidt faced what he saw as a choice between dissipating West Germany's economic vigor, or reinforcing its position as Europe's paymaster, with all the added power and influence that implies. He chose the latter course.

President Carter and other Western leaders wanted him to expand the German economy faster than he considered prudent, sucking in more imports, boosting world trade but risking renewed inflation. Mr. Schmidt refused to do this, offering only a modest stimulus dictated as much by domestic political calculations as by any belief that it will significantly affect the course of the German economy.

Instead, he had already chosen to spend Germany's trade surplus — the fruit of its economic strength — on financing the further unification of Europe and increasing his country's diplomatic authority within Europe and abroad.

Once Mr. Schmidt had made his decision, President Carter, and the heads of state of France, Britain, Italy, Canada and Japan, were obliged to fall in line and accept the German view that a period of financial stability is more likely to revive economic growth and reduce unemployment in the West than additional pump-priming.

As a result, the nature of Western economic summits has changed. No longer can these seven leaders pretend that their annual conclaves are capable of producing some magic plan for instantly restoring full employment and vigorous growth. The most to be expected from their meetings from now on will be a general display of determination to steer as best they can in what are acknowledged to be dangerous and protracted economic waters.

The key to understanding the significance of Mr. Schmidt's success at Bonn lies in the meeting of Common Market leaders two weeks earlier in Bremen. There, West Germany, with strong French backing, won acceptance in principle for a plan to bind Europe's currencies in a "zone of monetary stability" intended to shield them from the

speculative backlash of the declining dollar.

Chancellor Schmidt, once profoundly skeptical of such plans, now believes that the nations of Europe can recover from the recession, which has affected them far more severely than the United States or Japan, only if they stabilize their currencies and gradually bring their domestic economic policies into step.

**\$50-Billion Fund**

Moreover, West Germany is prepared to contribute a large slice of its foreign reserves to a proposed \$50 billion fund for stabilizing European exchange rates and helping weaker countries strengthen their

economies. Just how much money Germany will put up and on what terms, will be discussed today by European finance ministers meeting in Brussels.

Whatever the outcome of those intensely technical discussions, the real issues at stake are as much political as economic. A disciplined European monetary bloc, underpinned by the Common Market's reserves, would provide the basis for a single European currency that could eventually take over much of the dollar's role as an international medium of exchange.

Moreover, if the Europeans succeed in creating such a bloc, they will be in a position to influence the dollar's exchange rate against

their own currencies and thus hold a jackknife to the jugular of American industries that sell abroad.

It is hardly surprising, therefore, that President Carter, like his predecessors, finds European unification more attractive in the abstract than in practice and pointedly refused at Bonn to endorse the proposed new currency scheme until all the details have been worked out.

**Greater Individualism**

Mr. Schmidt's stance is only the most recent example of West Germany's greatest individualism. He took the lead in telling the United States early in the Carter administration that Germany intended to go ahead with the development of a plutonium-based nuclear industry, despite Mr. Carter's objections. It is an open secret, too, that he was appalled when the Carter administration appeared ready to give up the neutron bomb without Soviet concessions in return.

Politically, West Germany still cannot afford to offer direct military help to pro-Western African countries who consider themselves menaced by Soviet-backed subversion. But it has fully supported France's forward policy in black Africa and is also stepping up its economic aid to strategically placed countries, such as Zambia and Zaire.

Yet internally, Mr. Schmidt is far from strong.

As summit host, it was clear that he would have to give some ground on expanding the German economy, whose growth this year will be 3 percent or less. Unemployment, however, is only 1 million and inflation is moving below 3 percent in a country whose leaders still remember the great inflation that helped Hitler to power. But the clinching factor in the modest stimulus Mr. Schmidt offered at Bonn — 1 percent of the country's gross national product or about \$6 billion — was the abysmal showing that the Social Democrat's small but crucial government partner, the Free Democratic Party, made in recent provincial elections in Hannover and Lower Saxony.

In a desperate attempt to give itself a clearer identity with the electorate, the party joined the opposition Christian Democrats in calling for a \$5 billion to \$7 billion stimulus package, thus effectively blackmailing Mr. Schmidt's Social Democrats to agree.

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Israel spent \$4.1 billion on its military in 1976 compared to \$1.6 billion on public health.

• Egypt spent \$1 billion on arms in 1976 and \$124 million on public health in 1975, the latest year for which statistics were available.

• Ethiopia's military spending nearly tripled, from \$47 million to \$111 million in constant dollars between 1967 and 1976. Its public health spending rose only slightly.

• Soviet military expenditures rose from \$79.2 billion to \$121 billion while public health spending went up from \$14.2 billion to \$22.6 billion. Arms exports rose from \$3 billion to \$3.5 billion.

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• U.S. military spending dropped from \$120 billion to \$86.7 billion, while public health spending rose from \$25.1 billion to \$56 billion. Sales of weapons abroad

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(Continued from Page 1)

almost all regions of the world throughout the 1967-76 period, even after the adjustment for inflation, continuing the upward trend registered since the end of World War II.

President Carter has decided the increasing world arms trade and set dollar ceilings in hope of reducing U.S. weapons exports.

Paul Warnke, head of the arms control agency, said that the report — the only worldwide accounting by any government — was done "to stimulate informed attention" to the growing arms trade and the "scarce resources" it is consuming.

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in the West German Finance Ministry, said after today's talks.

Under the proposed new plan, France, Britain, Italy and perhaps other European countries would agree to link their currencies to the German mark and the four other currencies that currently float jointly against the dollar under the so-called "snake" arrangement.

While the precise details of this linking of Europe's currencies are still being negotiated, there is general agreement that member countries of the new plan should pool about \$50 million of their reserves in a special new fund to be used to defend their exchange rates against speculative pressures.

This morning West German Finance Minister Hans Marthofer emphasized the need for belt tightening by European countries seeking to join the proposed zone of monetary stability when he said that members of the scheme should seek a "convergence of economic policies," according to conference sources.

Mr. Marthofer said at the meeting that he preferred this phrase to the "symmetry of obligations" that British Chancellor of the Exchequer Denis Healey said all members of the new scheme should accept.

The West German government, with Europe's strongest economy and a very low rate of inflation, argues that weaker countries can only hope to lock their currencies to the powerful German mark if they reduce their inflation rates to Germany's level and generally fol-

low its prudent economic policies.

The British, with quiet support from other high-inflation countries such as Ireland and Italy, agree that the Common Market nine cannot hope to keep their currencies in step unless they narrow present divergences between their economic performance.

But the British argue that Germany must help bring about this harmonization in economic performance by expanding its economy faster to give a boost to other countries' exports and by helping the weaker European countries to modernize their industries.

What frightens weaker Common Market countries is the possibility that West Germany will try to hold down its fast-rising mark by linking it to Europe's less successful currencies to keep its export industries competitive, without agreeing to assist other European countries improve their own export performance as well.

But during the Bonn talks, U.S. officials pointed out that the members of a successful and cohesive European currency bloc might still try to keep their currencies collectively undervalued against the dollar to promote exports and the jobs they create, while simultaneously keeping out U.S. imports.

**French Bomb Explosion**

CHAMONIX, France, July 24 (Reuters) — A bomb exploded in a mountain cable car station here early today causing extensive damage to machinery, police said.

China claims that more than 150,000 ethnic Chinese in Vietnam have fled to China because of persecution by Vietnamese authorities. China has stopped economic aid to Vietnam.

Vietnam denies that the Chinese have been persecuted and it has closed three consulates in China.

NAIROBI, July 24 (AP) — A state of bush fires, believed started by poachers, has swept through a major Kenyan game preserve, destroying wildlife and hundreds of square miles of vegetation. The Daily Nation newspaper reported today.

Spain's Office Bombed

SAN SEBASTIAN, Spain, July 24 (Reuters) — A bomb blew out windows on the ground floor of offices of the Treasury Ministry in San Sebastian early today, police said. No one was injured.

Kenya Preserve Ravaged

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Crash Kills 2 U.K. Pilots

MOENCHEN-GLADBACH, West Germany, July 24 (Reuters) — The pilot and co-pilot were killed when a British Air Force Phantom jet crashed today near the town of Hoechst, in northern West Germany.

**28. You used to call home every Sunday.**

(Another good reason to call home.)

"An international call is the next best thing to being there."



JAPANESE BODY CHECK — Air passengers are frisked by private security officers at the terminal in Tokyo before boarding a limousine bus to the new international airport at Narita. Passengers in Japan go through several security checks before boarding their designated planes.

**First Near Capital in War**

# 3 Guerrillas Are Killed In Salisbury-Area Clashes

SALISBURY, Rhodesia, July 24 (AP) — After three days of military censorship, officials announced today that three black nationalist guerrillas were killed and two wounded in clashes with police during the weekend in two Salisbury black townships.

It is the first report of armed clashes in the segregated townships, about eight miles from the capital's center, since the escalating six-year war began.

A police statement said one guerrilla was seriously wounded Friday night after attempting to rob a beer hall in Mufakose township. The guerrilla opened fire with an automatic weapon when police moved in, and the beer hall was badly damaged in the ensuing battle.

The police said three guerrillas, "traced to a house in the Highfields township in follow-up operations," were shot and killed when they hurled grenades at police who surrounded the house.

Another guerrilla and a black onlooker were wounded in a third gunfire Saturday afternoon at a Highfields beer hall, the police said. That attack, authorities said, was opened fire at a political rally called by supporters of the Rev. Ndabandera Sithole, one of the three blacks in the transition gov-

ernment from bases in neighboring black African states.

The United States and Britain refused to support the interim government and are continuing efforts to bring the guerrillas into new alliances.

An amnesty offer cited.

"The [Rhodesian] security forces are in constant contact with members of terrorists as part of our safe-return policy," Mr. Smith said in a statement distributed by the South African Press Association.

He said some guerrillas wanted to accept the amnesty offer but voiced anxiety about the lack of U.S.-British support for the interim government.

Referring to the 106 guerrillas killed Saturday, Mr. Smith said, "Is this not enough bloodshed for one day?"

The government said the guerrillas were killed by the army in operations that followed the massacre of 39 blacks on a tribal reservation east of Salisbury two weeks ago.

That attack, authorities said, was opened fire at a political rally called by supporters of the Rev. Ndabandera Sithole, one of the three blacks in the transition government.

**Smith Assails U.S. Stand**

Yesterday, Prime Minister Ian Smith said that the Carter administration's refusal to support Rhodesia's new racial government has sparked increased bloodshed in the six-year guerrilla war against his regime.

He said guerrillas of the Patriotic Front alliance might have accepted the transitional government's call for a cease-fire had the West supported the internal agreement he signed in March with three moderate black leaders.

Robert Mugabe and Joshua Nkomo, co-leaders of the Patriotic Front, rejected the internal settlement and vowed to step up their

armed struggle.

**Forest Blaze Closes 2 Runways**

ROME, July 24 (AP) — Two of the three runways of Rome's Leonardo da Vinci Airport were closed to traffic for one hour today after a fire broke out in a nearby pine forest.

Airport authorities said the closure was necessary as smoke coming from the burning forest limited visibility for incoming and outgoing planes. During the closure, incoming and outgoing air traffic used a third runway.

**West Reportedly Backs Namibia's Claim to Port**

UNITED NATIONS, N.Y., July 24 (AP) — Western authors of a plan for South-West Africa's independence from South Africa have agreed that a disputed deep-water port would be included in the new territory, an official of the South-West African People's Organization said yesterday.

The SWAPO official said the Western negotiators meeting with SWAPO leaders in Angola earlier this month drafted a resolution calling for the re-integration of Walvis Bay into an independent Namibia.

Control of the bay was a sticking point in 15 months of negotiations by the five Western members of the UN Security Council — the United States, Canada, Britain, France and West Germany — aimed at arranging independence for the territory.

South Africa accepted the plan in April after the Western countries promised that the bay would be left to future negotiations between South Africa and independent Namibia.

**Western Plan**

The Western plan would be SWAPO's guerrilla war and provide for UN-monitored elections leading to independence. South Africa has administered the former German colony under a post-World War I mandate which has been revoked by the United Nations.

Security Council delegates were to begin private consultations on the Western plan today, with the Western powers seeking council endorsement in a vote, possibly tomorrow.

The plan does not mention Walvis Bay, the territory's only deep-water port, since the Western nations acknowledge South Africa's stand that Walvis Bay is legal part of South Africa.

However, a SWAPO representative said yesterday that the five Western powers had joined SWAPO in drafting a resolution that would include the bay in Namibia.

Western diplomats have refused to comment on the Walvis Bay resolution. The SWAPO official quoted the resolution as saying, "The Security Council . . . declares that the territorial integrity and unity of Namibia must be assured through the re-integration of Walvis Bay within its territory."

Observers said the term re-integration was chosen because it could be interpreted as consistent with the West's stand that South Africa has administered Walvis Bay as part of South-West Africa.

**South Africa Accusation**

PRETORIA, July 24 (Reuters) — The plan for the independence of Namibia were in danger of last-minute breakdown today after South African officials accused the West of planning a double-cross.

Foreign Minister Piki Botha summoned Western ambassadors to an emergency meeting at his home in Pretoria last night and then told South African reporters: "A very serious situation has developed."

**E. Germany Gives Briton Jail Sentence**

BERLIN, July 24 (UPI) — A East German court in Magdeburg today sentenced Collin Semple, Briton, to two years and three months imprisonment for trying to smuggle a refugee to the West.

Police arrested Mr. Semple on May 12 on a highway running through East Germany from West Berlin to West Germany. His trial was barred to the public and two British diplomats also were denied admission.



## For Holding Firm on Rhodesia

U.S. policy in Rhodesia has hung for a year on the slender hope that there would yet come a moment in that country's bloody civil war when all the parties would rather talk than fight. This week, congressional critics of that approach will make a major effort to force a change. They are tragically misguided. Their prescription is likely only to prolong the war and to assure that whatever black regime eventually comes to power will be militarily anti-U.S. in a country from which whites have fled, its infrastructure destroyed.

\* \* \*

The challenge is led by Sen. Jesse Helms of North Carolina and other influential Republican conservatives. They argue that since the "internal settlement" devised last March by Prime Minister Ian Smith will lead to a black government, the United States should accept it and cease to obey the United Nations trade sanctions that were meant to bring blacks to power. Sen. Helms wants to amend the foreign aid bill to require just that.

The trouble with this approach is that the internal settlement — fashioned under the pressure of intensified war — came too late. A few years ago Rhodesian blacks might have welcomed a scheme that gave them political office even though it left control of the country's economy and public service in white hands. Even Joshua Nkomo and Robert Mugabe, the rival leaders of the Patriotic Front guerrillas, might then have settled on that basis. But now they won't and neither, apparently, will their many followers among Rhodesian blacks. The Smith regime's hold on the country is visibly slipping.

\* \* \*

Lifting sanctions and endorsing the internal settlement now would end all remaining hope of bringing all black factions into an agreement to submit to elections supervised by the United Nations. That is the essence of the British-U.S. proposal that has been held out over the past year as the only way to end a destructive civil war. To abandon the idea

now would be to encourage Rhodesia's white minority of 3 percent to try to tough it out without further concessions. And it would persuade the guerrilla leaders and the leaders of neighboring African states that the West will hold out for genuine majority rule in Rhodesia. The overwhelming odds are that the guerrillas and "front-line" neighboring states would then accelerate the war, perhaps with Soviet and Cuban support, and that — eventually — they would win. But their "victory" would leave the new state of Zimbabwe a shambles. And U.S. policy in Africa would be left bankrupt, having backed not only the wrong side but the losing side.

Not much better than Sen. Helms' approach is a compromise amendment, put forward by Sen. Clifford Case of New Jersey and Sen. Jacob Javits of New York. It would require the president to lift sanctions once he determines that there is in Rhodesia an elected government willing to negotiate with its enemies. Reasonable as this sounds, it is no solution. In the absence of an outside supervisory force, no credible elections can be held; the existing security forces can hardly be trusted to let their enemies stand for office — and perhaps win. And even if fairly run, the elections would choose a government committed by Mr. Smith's internal settlement to reserve real power for the white community. There would be no way for blacks to express disapproval of that settlement.

\* \* \*

The right course for Congress is to leave the administration free to observe the sanctions while pressing for a fair and impartial transition to true majority rule. That approach has understandably little appeal for Americans, who do not like standing by while a cruel war escalates. If reason is to fail in Rhodesia, as it may well have failed already, let it at least be clear that the United States tried to do right. Having brought his country to this tragic pass, Mr. Smith has no claim on U.S. policy or sympathy.

THE NEW YORK TIMES.

## Lift Turkish Arms Embargo

Jimmy Carter was right on the mark when he said the forthcoming Senate vote to lift the Turkish arms embargo is the most important piece of foreign affairs business the Congress has left in this session. It's really quite simple. If the embargo is lifted, diplomacy gets a chance to start healing the wounds in Cyprus, the rent in Turkish-Greek relations, the strain in Turkish-U.S. and Greek-U.S. relations, and NATO's whole sorry disarray in the eastern Mediterranean. If the embargo stays on, everything gets worse.

\* \* \*

The argument has been cast in pro-Turkish and pro-Greek terms, but that is misleading. There is a great deal in it for both Turkey and Greece, and for both Turkish and Greek communities on Cyprus, if the stalemate signified by the embargo is broken. The United States has gone to considerable lengths to make that case, explaining the vista that lifting of the embargo would open, removing the previous administration's pro-Turkish tilt in military aid, and supporting Greece's wish not to be muscled by Turkey in the Aegean Sea dispute. The administration has also labored successfully to induce the Turks to offer a new Cyprus position conducive to negotiations. Ankara's position is not yet what Athens and the Greek Cypriots want it to be. The way to improve it is by the talks that would surely follow a lifting of the embargo.

THE WASHINGTON POST.

## Open Doors for Indochinese

The Carter administration has recently taken two important steps toward fulfilling the nation's obligation to the refugees from Vietnam, Laos and Cambodia. It will admit 25,000 more refugees before next May under the president's "parole" authority, raising to 197,000 the total number authorized to enter the United States since the fall of Saigon in 1975. To date, 164,000 have arrived. In addition, the State Department has declared that refugees plucked from boats at sea by U.S. vessels will be admitted to the United States if they find no other sanctuary. The purpose is to set an example that might end the cruel refusal of many ships — in violation of law and decency — to pick up Vietnamese boat people because no one will receive them ashore.

Even this, however, seems inadequate. The number of Vietnamese reaching a foreign port increased from 1,500 a month in January and February to almost 5,000 a month

THE NEW YORK TIMES.

## In the International Edition

### Seventy-Five Years Ago

July 25, 1903

BRUSSELS — Criticism by the secretary of Germany's Colonial Society of Belgian trade practices in the Congo Free State has provoked a sharp reaction from officials here. Government sources have claimed that a critical letter from the Duke of Mecklenburg, secretary of the society, uses erroneous figures to support its contention that Belgian tariffs have effectively barred both Germany and Britain from trading with Central Africa.

### Fifty Years Ago

July 25, 1928

LONDON — Anti-British unrest in southern India led to one death last night, when a train derailed after the tracks were sabotaged by striking railroad workers. Similar acts of sabotage were reported throughout India, and in Poona, the arrival of Bombay's governor-general to open the legislative council was met by hostile demonstrations on the part of a crowd of students. The recent unrest in India comes in the context of the opening of preliminary talks here over the question of home rule for India's native states.



'The Book Says It Oughta Be Running Right.'

## China: A Balance of Terror

By Donald Kirk

**N**EW YORK — The prospect of opening full diplomatic relations with the People's Republic of China rests on the familiar strategy of striking a balance of terror.

In this instance, however, achieving a balance is considerably more complicated than one might infer from the much-publicized contention that the United States play "the China card" against the Soviet Union.

The delicate balance is also dependent on a less-publicized effort to ensure the military needs of both the Communist regime on the Chinese mainland and the anti-Communist government of Taiwan.

The delicate tug-of-war among U.S., Chinese and Taiwan officials (interrupted only by aggravated warnings from the Kremlin) could turn into an arms race — like those between the Arabs and Israelis, and the Greeks and Turks — in which the U.S. supplies both sides with vital equipment.

### Belated Drive

One underlying issue is Peking's desperate need for sophisticated U.S. technology — or at least for Washington's acquiescence to China's purchase of advanced forms of military hardware from our West European allies. If China's leaders believe the United States will help them in their belated drive to begin catching up with the Russians, according to one theory, they may not object to the Republic of China on Taiwan buying whatever it needs from the United States or other Western nations.

The compromise may be that neither China nor Taiwan buys U.S. arms but that both buy arms from Western Europe. Some analysts claim the Western nations could keep China and Taiwan from fighting each other by cutting off the arms flow in the event of a real threat of conflict. It is the same sort of wishful thinking propounded whenever Washington has fallen into the deadly trap of arming bitter enemies.

Others argue that China would lose half its air force, including 4,000 or so outdated MiG-17s, 19s and 21s, in a confrontation with Taiwan, while Soviet forces exploit that distraction to attack across the 4,500-mile Sino-Soviet frontier. Experts do not believe that China's navy, consisting of only a dozen or so destroyers and 66 submarines to accompany a few hundred landing craft, is big enough to send an army across the choppy Formosa Strait, 90 miles wide at the closest point. And even after a substantial buildup, China could hardly wage war on two distant fronts.

The arms-supplying Western nations might well discourage Taiwan from mounting a surprise attack on the China coast by providing technology, as one Far Eastern specialist put it, "for defense against China but not of offensive capability." In other words, the heirs to the legacy of the late Generalissimo Chiang Kai-shek would have to abandon their often-stated vow to return to the mainland.

### Simple Enough

That provision seems simple enough since Taiwan's leaders, for all their declarations and promises, are much more concerned with developing their prospering industrial and mercantile economy than with waging a real war. If China and Taiwan seem unlikely to fight each other, however, the question remains why Taiwan needs the right to buy any Western military equipment at all. Local industry already produces most of the basic infantry weapons and vehicles needed to

equip Taiwan's 460,000 soldiers, sailors and airmen.

A stock answer to the question is that Taiwan, assiduously supported by U.S. aid from World War II onward, already faces a severe enough shock in the form of U.S. "betrayal." The United States has long since indicated it would meet Peking's three basic "requirements" — withdrawal of the last few hundred U.S. military people from Taiwan, abrogation of the security pact binding it and the United States and transfer of formal recognition from Taiwan to Peking as the legitimate government of all China.

Washington and Peking thus could "normalize" relations and elevate their "liaison offices" in each other's capitals to embassy status, all in accordance with the communiqué signed in Shanghai by President Richard M. Nixon and Premier Chou En-lai in February, 1972.

But in private, off-the-cuff remarks in Washington, President Carter is said to have alluded to three U.S. conditions: the right of Taiwan to purchase U.S. arms; a Chinese guarantee not to attack Taiwan; and Chinese agreement to the presence of an U.S. economic mission on Taiwan similar to the one Japan has maintained there for six years, since it opened diplomatic relations with Peking.

The president let slip these conditions at a meeting of the Trilateral Commission, the top-level "study group" that Zbigniew Brzezinski ran until he became Carter's national security adviser last year. The president deliberately kept his comments off the record so that China would not have to reject the conditions.

Not at all coincidentally, the

United States

administration, after Brzezinski's return in May from a crucial three-day Peking visit, had already reversed an earlier decision not to sell China an oil-deposit scanning device also capable of spotting hostile submarines. The sale, for less than \$3 million, doubtless is seen in both Peking and Washington as a harbinger of a series of similar technology-transfer deals.

### Fancy Stepping

All the fancy stepping comprises a delicate diplomatic dance to a familiar tune: the right to buy and sell arms against mutually escalating threats. Neat though the footwork may appear, it still casts the United States in the unsavory role of arms merchant to a volatile world.

What would happen, for instance, if the Soviet Union were to cozy up to Taiwan in a drive against the mainland — or if Japan were to ally with China against the Russians? Farfetched though these scenarios may appear, they are not totally out of the question.

In making the arms trade a basic condition of relations with both Peking and Taiwan, Washington has entered into a long-range high-risk deal. It appears less the riskier since, no one seems to have considered the danger of an explosion in defiance of orderly rules of logic — but that's the way wars so often begin.

But as it may, the moral versus pragmatic dilemma posed by the case has several facets.

One is that Filbinger, more than any other prominent (CDU-SU) politician, has projected an image of himself in recent years as a paragon of law and order, a pillar of patriotism, and a model of morality.

Another is that considering his own apparent unwillingness to draw the political consequences from his past, his party cannot decide how, let alone whether, to make him walk the plank. The predominant view in the CDU-SU

is to "cannot imagine how anyone could forget a death sentence has passed or an execution he has witnessed."

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But it reveals the moral dilemma West Germans face in their still inchoate efforts to digest the past.

Yet, something about last week's commemoration leaves you wondering about this country.

Herber Wehner, the veteran Social Democratic (SPD) Bundestag floor leader, was originally scheduled as main speaker for the ceremony at the West Berlin site where Stauffenberg and others were executed 34 years ago.

Wehner, a one-time Communist who fought Nazism from Moscow exile, withdrew at the last minute because of opposition from Stauffenberg's 40-year-old son, a CDU

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Another is that considering his own apparent unwillingness to draw the political consequences from his past, his party cannot decide how, let alone whether, to make him walk the plank. The predominant view in the CDU-SU

is to "cannot imagine how anyone could forget a death sentence has passed or an execution he has witnessed."

It is doubtful whether Stauffenberg's martyred father or other anti-Hitler plotters, quite a number of whom were extreme leftist and Communist, would have asked the question.

But it reveals the moral dilemma West Germans face in their still inchoate efforts to digest the past.

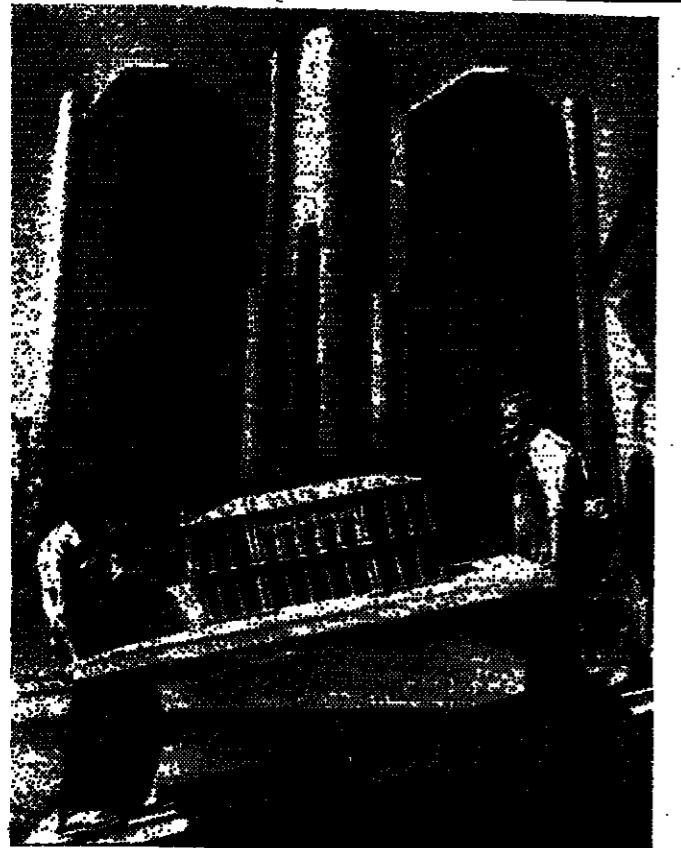
Yet, something about last week's commemoration leaves you wondering about this country.

Herber Wehner, the veteran Social Democratic (SPD) Bundestag floor leader, was originally scheduled as main speaker for the ceremony at the West Berlin site where Stauffenberg and others were executed 34 years ago.

Wehner, a one-time Communist who fought Nazism from Moscow exile, withdrew at the last minute because of opposition from Stauffenberg's 40-year-old son, a CDU

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Another is that considering his own apparent unwillingness to draw the political consequences from his past, his party cannot decide how, let alone whether, to make him walk the plank. The predominant view in the CD



**CONTRAST IN RENAISSANCES** — The towers of Detroit's Renaissance Center dwarf the detailed model of the 16th-century Palazzo Chiericati of Vicenza, Italy, being unloaded by workmen. Twelve scale models of the works of the architect Andrea Palladio are on loan from the Italian government and will be on display until Aug. 20.

## Maritime Officials of U.S. Accused by Congressman

By Charles Mohr

**WASHINGTON**, July 24 (NYT) — Rep. Benjamin Rosenthal, D-N.Y., has accused officials of the Maritime Administration of "plundering the United States Treasury" by creating, administering and working closely with a maritime industry trade association.

Rep. Rosenthal made the statement last week after a day of often combative questions and answers at a hearing of his Subcommittee on Commerce, Consumer and Monetary Affairs of the House Government Operations Committee. He referred the matter to the Justice Department for possible prosecution and to the General Accounting Office for possible "recency of misappropriated funds."

Robert Blackwell, assistant secretary of commerce for maritime affairs, denied wrongdoing. However, he said it was "a mistake" that he had not directed that another government official cease acting as executive secretary of the trade association, the National Maritime Council.

Directing his remarks to Rep. Robert Drinan, D-Mass., a priest, Mr. Blackwell said, "I have to do my mea culpa."

### Lantern Aroused

The hearing room broke into laughter when Rep. Rosenthal said, "Well, you are talking to the right man." Rep. Drinan joked that after giving absolution he might also dispense indulgences.

## Fake Sun May Fool Crabs Into Increase in Growth

**PRINCESS ANNE**, Md., July 24 (NYT) — A marine biologist in this quiet East Shore town is trying to fool crabs. He hopes to grow crabs commercially, much as millions of chickens are produced in this region, under artificial light that encourages 24-hour growth.

Dr. Stephen Rebach of the University of Maryland's Eastern Shore Campus has been studying crustaceans for three years. At the moment, his experiments involve 20 rock crabs, which are caught off the Atlantic coast. The experiments are being conducted in small saltwater aquaria.

Dr. Rebach may be the first scientist to keep crabs alive out of their natural environment for more than a year. In the process, he has fooled the crabs into believing that a day is only 21 hours long.

### Mostly Blue Crab

"The houses will probably be growing the better-known blue crab, rather than these rock crabs," he said. "The significance of the experiments with rock crabs now is that by careful observation, we can determine the best time to harvest them without depleting the stock."

He said that some of the grant money will go toward tagging and recapturing crabs to get an idea of the size of the crab population. Also, there is an effort to open up the market for the smaller rock crabs, bright red in appearance and lacking a back-fin muscle. Rock crabs live on the ocean floor at depths of up to several hundred feet.

Dr. Rebach said that several local restaurants have tried rock crabs and that customer response has been good. Deep-trolling lobster potters out of Ocean City, Md., and Lewes, Del., are being advised to keep the rock crabs that clog their pots. Usually, the rock crabs are tossed overboard.

Blue-crab production in Maryland and along the Delaware River and bay estuaries has been declining, but demand has been increasing. This has put heavy pressure on the blue-crab fishery. Scientists are busy trying to determine the blue crab's movements and habits; hoping to find a better way to manage the resource.

If the rock-crab experiments succeed, crab farming may well become a stable industry in the tide-water region. Dr. Rebach said, just as chicken farming has in the last 50 years.

## U.S. Study Finds Sweeteners Not Tied to Cancer

**CHICAGO**, July 24 (AP) — The moderate amounts of artificial sweeteners used by human beings do not cause cancer, a major study in Baltimore has concluded.

The Baltimore study involved 519 patients with bladder cancer between 1972 and 1975. It also involved 519 other persons, who were matched for age, sex and other factors but did not have bladder cancer.

The government banned cyclamates in 1970 and saccharin in 1972 after studies of laboratory rats showed that dosages of the sweeteners — far in excess of those used by human beings — caused bladder cancer.

The Baltimore study, conducted by Dr. Irving Kessler, now of the University of Maryland School of Medicine, and Page Clark at Johns Hopkins University, contends that the relevance of animal tests to the problem of cancer development in humans is unclear.

"Species and strains within species differ widely in their response to the same environmental agents," the two scientists said. They conclude in a report published in the July 28 issue of the Journal of the American Medical Association that the ingestion of artificial sweeteners, at least at moderate dietary levels, is not associated with an increased risk of bladder cancer.

## 'New Biology' Outpaces Law, Ethics in Case of Test-Tube Baby

**NEW YORK**, July 24 (UPI) — Any day now the birth of a baby in Britain is expected to confirm that the technology of how to create human life in a test tube has been perfected.

The trouble is that the "new biology," as it is called, has reached this point far ahead of social planning for it, of theological pronouncements, of government regulation.

The fetus in the womb of Lesley Brown, 32, was started "in vitro" — that is, in a test tube, the first unauthenticated case of an outside-the-womb fertilization. In the tube, sperm of Mrs. Brown's husband, Gilbert Brown, fertilized an egg removed from her through surgery.

Four days later, the fertilized egg — then about 100 cells — was inserted in her uterus and developed as an egg fertilized "in utero" (in the uterus) would have.

Scientists had been trying to do that for several years and had many failures. If this birth, to be by Cesarean section, produces a normal baby, it would seem the technical problems have been solved.

### Legal, Moral Problems

But there remain the legal, moral and ethical questions, according to scientists, theologians, social planners and experts in ethics. Some scientists say that they must wait to use this new technique until its implications for mankind can be defined and agreed upon.

The method used in the in-vitro fertilization involving the Browns was devised by Dr. Patrick Steptoe, whose ethics were endorsed this month by the central ethical committee of the British Medical Association as offering "no ethical difficulties for doctors . . . for treating infertile women."

One issue is before a court in New York, where a couple is seeking \$1.5 million in damages from Columbia-Presbyterian Medical Center and its former chief of obstetrics and gynecology, Dr. Raymond Wiel.

Doris and John Del Zio claim that their incubating embryo was destroyed when a test-tube fertilization was ruined deliberately. Landrum Shettles, who was trying to help the Del Zios, later quit Columbia-Presbyterian.

He claims that his work was interfered with, but the medical center says that Dr. Shettles failed to get permission for the human experimentation from the Committee on Human Reproduction.

Technology used in test-tube fertilization is seen by some as bringing nearer the era of cloning and genetic fixes that can give babies any physical traits desired.

The technology may make it possible for a woman to buy a frozen fertilized human egg, and have the thawed egg implanted in her womb by an obstetrician.

Mr. Blackwell testified that 40 employees of the Maritime Administration spent some of their working time for the trade association and that \$157,803 in federal salaries was devoted to the association's business last year as well as \$12,886 in travel expenses. The Maritime Administration pays no dues to the council, but in effect acts as the council's staff.

Lewis Paine Jr., head of the Office of Market Development, is executive secretary of the trade association and in that role helped the council direct an advertising campaign last year and this year called "Don't Give Up the Ships."

Rep. Drinan said this constituted "grass-roots," or indirect, lobbying of Congress and may have constituted a violation of the criminal code. Mr. Blackwell and Mr. Paine argued that it was not grass-roots lobbying because, although some ads urged readers to tell their congressmen how they felt about a strong merchant marine, no specific legislation was mentioned.

Star Close

"You could even have women opting for material that would enable her to produce a clone of Burt Reynolds," said Allen Utke, a chemist at the University of Wisconsin at Oshkosh.

Mr. Utke, who is on the Wisconsin Upper Michigan Synod's Task Force on the Biological Revolution, has directed numerous seminars on the biological revolution.

"Unless we check the scope and slow the pace of the new biology," he said, "it will destroy society and humankind as we know it probably by the next generation."

In a new book, "Bio-Babel," Mr. Utke raises the question: "Can we survive the new biology?"

He fears scientific achievements,

such as in-vitro fertilization, may be more advanced than society's ability to cope with them ethically.

Alvin Toffler raised many of the same questions in the book "Future Shock," but at the time that he wrote it, 1970, it all seemed far away.

Artificial insemination, as test-tube fertilization is called, raises the possibility of, in addition to cloning, choosing the sex of offspring, or altering genetic material to produce human beings with certain characteristics.

It could also lead, Mr. Utke points out, to a woman, for hire, becoming pregnant with the ferti-

lized egg of a wealthy couple — giving them a baby without the wife going through the discomfort of pregnancy.

What do theologians and those concerned with ethics and social planning think of starting life this way? And is it life while it is in the test tube? Does anyone know when life starts?

The Supreme Court of the United States, in its ruling on abortion in 1973, issued a legal definition of when life begins — at the end of the second trimester. Before that time, the court ruled, the woman and her doctor may terminate the pregnancy.

As a moral theologian, he said, "I haven't formulated my own opinion, but I feel there are a lot of dangers, problems."

"Some say life begins at conception;

some after there is further development; and others, at birth," said Dr. Daniel Callahan, president of the Institute for Study of Life Sciences and Ethics at the Hastings Center, at Hastings-on-Hudson, N.Y.

Dr. Callahan would like to see Congress regulate the procedure of artificial insemination.

At the Center for Policy Research in New York, a think tank for government and social planners, the center's president, Amitai Etzioni, said he endorses such a proposal.

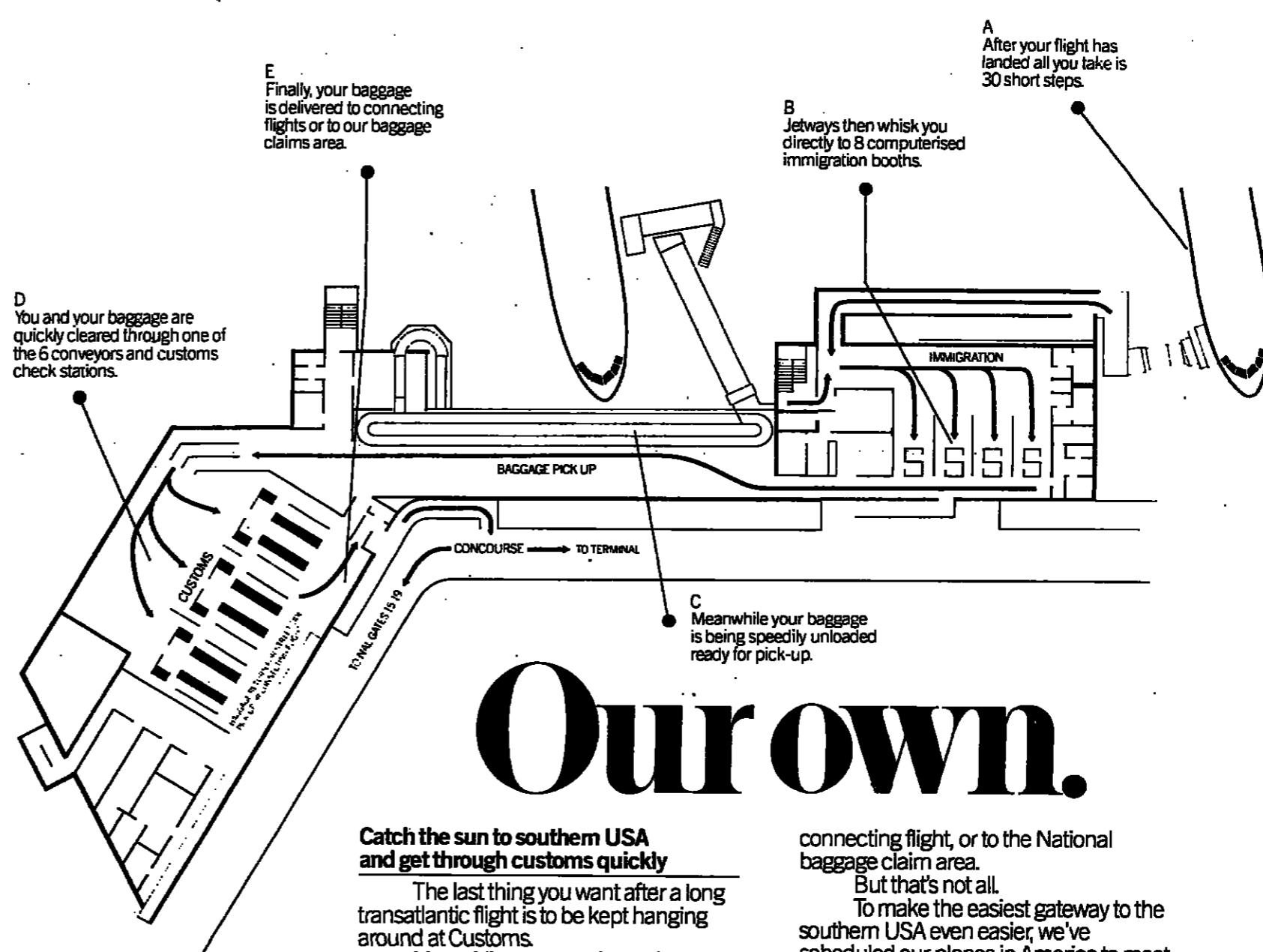
"We need guidelines to clarify the moral and legal issues," he said.

"We need definitions of life and death and need to know when to pull the plug. We need to know more about . . . in-vitro fertilization, and we need to consider the ethics involved in exporting some of our reproduction technology."

"One of the most shameful things we do is allow the export of birth control injections — in effect, using Third World women as guinea pigs for an unproved technology."

He said that many scientists throughout the world are shocked at such human experimentation and can be expected to raise a voice against it.

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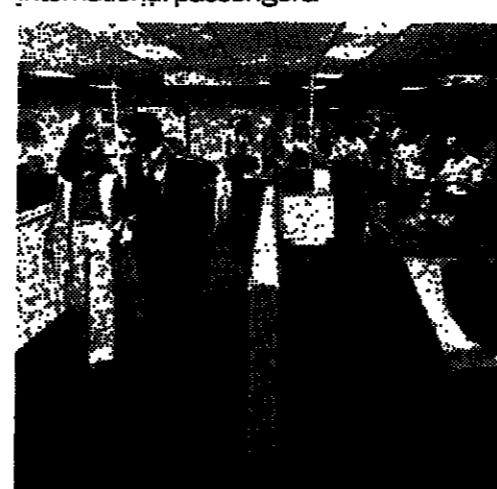
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# National Airlines

## FASHION IN PARIS

Legs Are on Parade Again as the Collections Open

By Eugenia Sheppard

**PARIS, July 24 (IHT)** — Paris is shortening skirts and not little by little this time. (Well, you've been longing for a change, haven't you?) Not only that, but the fullness, cause of many complaints, has gone out of fashion, though some of the softness remains. The silhouette stays with broad shoulders and narrows to a hem that is edging up to the knees again. The collections are full of black for both day and night with red and purple as standbys. Satin is the big

evening fabric with less glitter than expected.

As far as accessories go, small hats cover heads for daytime, completely hiding the hair. Gloves are back and legs are on parade again. Stockings are important. Sheer black nylons, sometimes embroidered, are the thing.

The crowds at the collections are larger than they have been for years, with the pushing and shoving and demand for seats almost as strenuous as it is for the ready-to-wear. For Cardin's opening, the show almost outran the theater that Cardin has created for it in the converted old French night club that he now calls L'Espace Cardin.

It was the most exciting show of the day. Cardin is once more the far-out, creative, controversial designer. He has revived the chemise that was born in the late fifties and became the subject of the biggest bat-

tte ever fought in fashion before it became a uniform. The revival is just like the original, broad-shouldered and narrowing to a hem that just covers the knees.

Cardin's shoulders are very broad, sometimes straight as boards from shoulder to shoulder, sometimes extending out over the sleeves like puffed shoulders, and sometimes with puffed sleeves that show above the shoulders.

Cardin has no inhibition when he cuts. He likes ponchos, coats and little shoulder wraps, all cut in complete circles that tie in with his prevailing silhouette. Among the fabrics that he likes best are those all-American favorites, gray flannel and corduroy.

Sometimes the party clothes designed by Cardin's associate, Andre Oliver, have seemed to be a separate collection, but this time they get together. Pleated chiffons with ruffle edges have a symmetrical cut

that starts at one knee and dips to the floor on the other side.

The black dresses, though, are the beauties. Black silk coats, one rounded, cover black dresses with soft tops and narrow skirts. Models wear little fantasy hats of egrets sometimes veiled.

Also outstanding for evening: the long slit tunics of colored lace over skinny black satin pants; the short, little dresses of lace over cotton jersey; the prints cut in tatters; the oversized taffeta robes and on and on with a parade of half a dozen brides, one in a white satin jump suit who opened and closed the show.

Dior

Dior's collection this afternoon came as a surprise. Famous for his pretty romantic clothes, Marc Bohan changed his mind and turned out a harder-edged look this time. The world of expensive ladies who count heavily on Dior for their flowery chiffons will have a harder time finding something for the important dinners and benefit balls this time.

The mainstay of the new collection is a narrow pants suit, usually black with a fabric belted jacket and a somewhat high collar with a gold chain at the base of the neck for decoration. Add a neat little hat, a scarf or two foxes looped under the chin and dangling down the front, sheer black nylons just showing beneath the pants and shoes with high heels as thin as knife blades and you have the new Dior look.

Sometimes Dior covers the pants suit with a sinister-type trench coat, worn belted tightly, with the collar turned up, and a manish fedora hat. Again, the spike-heeled shoes, for there are almost no boots in the collection.

For daytime color, there are



One Cardin look for evening.



high-necked mohair coats of violet or bright red, worn over skirts and tops of the same color.

For evening, the pants suit becomes a black satin jump suit with a deeply slit neckline and sometimes a jacket that has long lapels. Sometimes it is worn under an overcoat or fur jacket but is most interesting combined with a leather coat.

For evening, Marc Bohan likes the uneven hemline that starts at the knees in front and floats to the floor behind. His black models wear it in black chiffon, glitter-embroidered and with long, sheer sleeves. Others are even more definite about the hemline, like the red chiffon with a strapless top that

had to come back for an encore, there was so much excitement among the photographers.

Toward the end of the show, Bohan added a postscript of some typical Dior lovelies. They included draped satins, the beaded and glittering Oriental tunics under satin jackets and two exquisite white chiffons beaded and glittering in pale colors.

Scherrer

This noon, Jean-Louis Scherrer's collection also featured lots of swan, elegant black in belted jackets with broad shoulders over narrow skirts, no longer mid-calf length but not nearly up to the knee. They were shown to music

of the thirties, so naturally hats and gloves and delicate black shoes and stockings were part of the scene.

Scherrer plays special attention to cocktail, theater and restaurant clothes. Especially right are the suits of dotted or plain black satin jackets and slim or pleated skirts. A group of soft, dark crepes bring in the wide, tucked or draped corset-like waistline that was a part of the fifties look.

Scherrer is well known for his bead-and-glitter embroidery on dresses that sometimes cost as much as \$6,000.

Some of his jackets, over simple crepes, are embroidered in red bead hearts of different sizes, and others are decorated with crystals and rhinestones. Scherrer also carries his deep corseted waistline into the

hem of his jackets, over simple crepes, the pinfold look and cape collars of all depths add to the breadth of Venet's shoulders. Among the favorite is unlined red mohair coat over a plain dress and the soft mint-green coat over a simple crepe that has black, above-ankle pants showing under the hem.

Venet's evening clothes are bright with Lurex stripes or plaid. But Venet's is more potent in Social Register tweeds and wools than in Arabian Nights fabrics.

Some of the socialites at the DiT show were Lynn Wyatt in a silk print and a little sailor hat, Ned Kempner and Estee Lauder, who flew here from Cap Ferrat on the Cote d'Azur.

## 7,000 Attend Convention on Christian Sales

**DENVER, July 24 (UPI)** — More than 7,000 persons attended the annual Christian booksellers convention at Currigan Exhibition Hall here. The association is a 2,600-member group headquartered a Colorado Springs, Colo.

The association said that more than 95 percent of those who sell Christian articles do so with a "firm sense of ministry." The group also said the Christian bookselling industry exceeds \$600 million in sales annually.

The message was everywhere in the huge exhibition hall. There were T-shirts that said, "You're a Good Hand with Jesus," T-shirts for dogs printed with crosses, and such messages as "Smile, God Loves You" in washable polyester.

There were paper napkins printed with scriptural quotations, terry-cloth children's bibs saying, "Jesus Loves All Us Kids," and lettuces openers saying, "Rejoice in the Lord."

Bookstores operated by association members have more than a 15-percent sales increase over the last five years, the association said. Many of them sell religious articles other than books.

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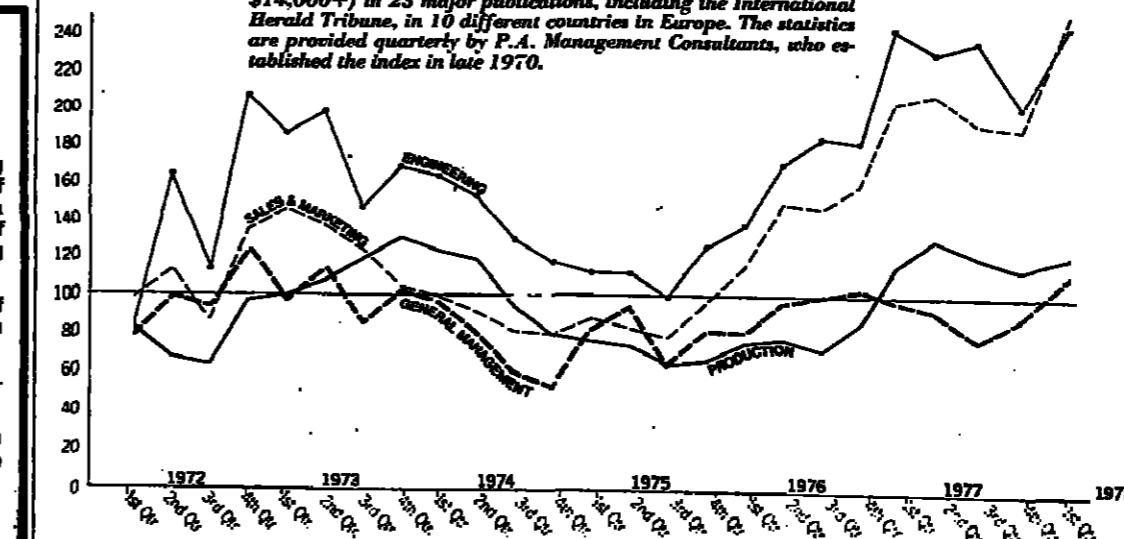
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## OPEC Seen Adhering to The Dollar Solomon Says Switch Could Hurt Trade

WASHINGTON, July 24 (AP-DJ) — The United States has "no reason to believe" that Saudi Arabia or other key countries in the Organization of Petroleum Exporting Countries are ready to shift from the dollar to a basket of currencies for pricing oil exports, Treasury Undersecretary Anthony Solomon said today.

He added, in testimony before a Senate subcommittee, that if OPEC countries were to switch back and forth between the dollar and a basket of currencies, such action would be "highly irresponsible" and would be "demoralizing" to world trade.

Questioned about recent news reports from Kuwait that OPEC financial experts, at a recent meeting, favored the shift to a basket of currencies for pricing oil exports, Mr. Solomon replied that such a decision would have to be made by OPEC experts, but at a high-level OPEC meeting. At that point, he commented that the United States has received no indications that the Saudi Arabians, for example, wanted to make that sort of a switch.

Pressed for his comments on how the government would view a possible switch by OPEC countries to a basket of currencies for pricing oil, he said that such a switch might have some "unfortunate" short-term effects and that the United States would not favor it. He added that such a switch probably would not have any major long-term implications.

On other questions, Mr. Solomon predicted that there will be a "substantial reduction" in the U.S. current-account deficit later this year and added that the situation will show further improvements in 1979.

He also said that Washington hopes the Common Market plan for monetary stability will be designed to "promote economic growth in Europe and in the world as a whole." Noting that it still is not known how the EEC intends to coordinate exchange rate policies in "vis-a-vis the dollar," he said that the United States could not support a plan that would prevent the dollar exchange rate from responding to underlying economic and financial factors. He said that Washington also wants to be certain that any new arrangements agreed upon among the EEC countries would be administered "in full conformity" with the rules of the International Monetary Fund and in close consultation and cooperation with the monetary authorities of other countries.

Mr. Solomon also said he opposes capital controls or exchange-rate guarantees as a way to counter fluctuations of the dollar. He criticized proposals to impose capital controls to restrict private use of the dollar and to have the IMF provide open-ended exchange rate guarantees for all present and future official balances. He repeated the administration position that dealing with the basic problem of inflation and the U.S. trade balance are the keys to the dollar's performance.

"If we deal with the basic problems, I have every confidence that this will be reflected appropriately in financial markets," he said.

## Vehicle Output Up Sharply in Japan in June

TOKYO, July 24 (AP-DJ) — Japan's motor vehicle production rose 7.5 percent in June from the prior month and 11.3 percent from the year earlier month to 840,706 units, the second highest total on record, the Automobile Manufacturers' Association reported today.

The record monthly production was set at 848,567 units in March this year.

Production for January-June marked a record half year total of 4,617,345 units, up 12.2 percent from the year earlier period. Half year passenger car output rose 13.1 percent to 2,961,476 units; truck output up 10.6 percent to 1,629,708 units, and bus production rose 6.5 percent to 26,161 units.

June passenger car production gained 1.2 percent from a year earlier to 539,477 units, and was up from 503,610 units in May. Truck production rose 11.5 percent from a year ago to 296,374 units and was up from 274,265 units in May. Bus output fell 10.6 percent from a year ago to 4,855 units, but was up from 4,620 units in May.

This association also announced that June motorcycle production rose 10.5 percent from May and 8.6 percent from a year earlier to 24,861 units.

## Output Falls in Belgium

BRUSSELS, July 24 (AP-DJ) — Industrial production in Belgium dropped 3.4 percent in May from the previous month and was off 0.4 percent from May 1977, the Economics Ministry reported today. In the first five months, industrial production was off 1.5 percent from the 1977 period. The 1970-based index was 119.1 in May, down from 123.4 in April.

## Japan, China Bridge Trade Gap

### Joint Projects

#### Herald New Era

By Henry Scott-Stokes

TOKYO, July 24 (NYT) — A new era appears to be opening up China's economic relations with Japan. The two Oriental powers, which remained at arm's length for nearly 29 years after the 1949 revolution in China, are planning a number of joint industrial projects.

Whatever comes of these plans — the initiative for which has come largely from the Chinese — the tone of their relations is changing for the better as one Japanese industrial mission after another visits the mainland.

The two nations are about to resume long-suspended talks on a peace treaty in Peking, and Tokyo seems optimistic that this time there will be agreement. The treaty was first proposed in 1972 when the two nations established diplomatic relations.

"What has changed is that the Chinese side is much more positive," said Toshiro Kimura, a former Japanese foreign minister, who is now a senior figure in the governing Liberal Democratic Party. "That is why I am much more optimistic than even a month ago."

China has recently made three major moves:

• It has proposed for the first time that Japan join in development of the potentially huge offshore oilfields under the East China Sea. China had previously suggested only that Japan should give technical and financial aid in offshore oil development.

• It has invited representatives of Japanese arms manufacturers to visit Peking this fall with a view to buying arms from Japan — a nation that has so far banned arms exports as incompatible with the "peace" constitution imposed on it by the United States in 1947.

The Chinese have informed a

mission led by Yoshio Ikeda, president of Mitsui & Co., one of the world's largest trading companies, that in the future they would accept bank loans from abroad to finance industrial development. This is an abandonment of the long-standing

### Soviet Output

### Increases 5.2%

### For First Half

MOSCOW, July 24 (AP-DJ) — Soviet industrial production in the first six months of the year increased 5.2 percent compared with the year-ago period, according to the central statistical board.

Growth in labor productivity tapered off, reaching 3.8 percent below the 4.2 percent recorded in the year-ago period.

Industrial production exceeded the 4.5-percent growth rate set for the half in the current five-year plan. However, some Western specialists have contended that the plan's target figures have been set artificially low, so that even modest increases in industrial production can be seen as overfulfilling the planned goals.

Mikhail Korolev, first deputy chief of the statistical board, told a news conference: "If our estimates in general, based on all the data that we possess, judging by the first 2½ years, there are all grounds to say the plan is being fulfilled successfully."

The statistics showed that in the first half of 1978, the foreign-trade turnover rose 6.8 percent from a year earlier to 24.5 billion rubles (about \$50.1 billion).

Among the statistics was also a new estimate for the Soviet popular — 261.2 million as of July 1, 1978.

### 2 Oil Companies Sign Gas Pact With Abu Dhabi

PARIS, July 24 (IHT) — Royal Dutch Shell Group and Cie. Francaise des Petroles announced today they have signed a \$1.6 billion project with Abu Dhabi to collect, process and export gas gathered from onshore oilfields.

Under the 30-year agreement, state-owned Abu Dhabi National Oil Co. will put up 68 percent of the \$400 million capital of the concern being set up to oversee the venture. Royal Dutch Shell and CFP will each have a 15 percent interest and Pernigal's Participations and Explorations Corp. will hold 2 percent.

Each of the companies involved in the project will receive a share of products proportional to its participation. Industry sources said the project will recover over one billion cubic feet a day of gas which is at present burned off at the well-head to produce 114,000 barrels daily of propane and butane, and 71,000 barrels daily of natural gasoline.

### German Money Supply

FRANKFURT, July 24 (AP-DJ) — West Germany's widely defined money supply (M-3) rose by a seasonally adjusted 1 billion Deutsche marks in June, compared with a 7.2 billion DM rise in May and a 1.6 billion DM decline in June 1977. The Bundesbank said in its monthly report on the money supply that in the last three months M-3 has grown at a seasonally adjusted rate of 8.8 percent, which exceeds original official goals of 8 percent.

### Joint Projects

#### Herald New Era

policy that China should not accept foreign loans.

These developments suggest that prospects for Chinese-Japanese economic cooperation — which were already much brighter following conclusion of a \$20-billion trade agreement early this year under which Chinese oil and raw materials would be traded for Japanese plant and technology — had progressed far beyond all expectations. During the first six months of this year, 50 Chinese missions visited Japan, compared to 73 in all of 1977 and 39 in 1976. The number of Japanese visitors to China meanwhile leaped from 8,000 in 1972, the year that diplomatic relations were established, to about 30,000 last year.

### Economics Complementary

The overall pattern is determined by the complementary character of the two economies: China has the labor and Japan has the technology. But it is too early to say what will happen. The Chinese-Japanese peace treaty has yet to be signed and it contains a troublesome "hegemony" clause that Japan has so far hesitated to accept because it implies hostility toward the Soviet Union.

In addition, Japanese companies cannot export arms. They can only supply China with items like trucks and vessels that the Chinese may use for naval purposes. Officially, it is none of Japan's business what China does with such purchases. In any event, there have been no detailed talks on arms-related deals between China and south China. The agreements were made on the premise that the governments of both countries will support the projects, the officials added.

approached Japan about arms purchases three years ago and had even submitted a list of the arms it wanted to buy. That report could not be confirmed.

Nevertheless, it is clear that China and Japan are in contact on many levels to get their economies moving faster and in tandem. Hitachi, a shipbuilding, engineering and electrical-equipment company, received a \$35 million order for oil rigs for use in the East China Sea last month. Nippon Kokan, a steel company, has been asked to help China expand a Peking steel mill to a capacity of 6 million tons, while Nippon Steel, the world's largest steel company, is helping to build another mill of the same size in Shanghai.

There are other big Japanese deals in the air. Hitachi and Toshiba, a leading electrical company, are negotiating the sale to China of a color-television plant worth about \$125 million. The companies confirmed last week, if a contract is concluded, this could become China's first color-television facility. The same two companies are competing to supply a power station to Shanghai.

### Basic Accord on Oil

TOKYO, July 24 (AP-DJ) — Japan and China have reached an accord on joint development of oil resources in Pohai Bay in eastern China, the government-owned Japan National Oil Corp. said today.

Company officials also said the two nations had agreed to study the feasibility of joint development of oil resources at the mouth of the Chu Kiang River in south China. The agreements were made on the premise that the governments of both countries will support the projects, the officials added.

## France Lifts Surplus in June Trade

### First Half Reaches

#### 708 Million Francs

PARIS, July 24 (AP-DJ) — France's trade surplus rose to 459 million francs (about \$104.3 million) in June, up from a seasonally adjusted surplus of 155 million francs in May and a deficit of 2,043 million francs in the year-ago month, the Trade Ministry reported today.

The June result brings the first-half surplus to 708 million francs, compared with a deficit of over 9 billion francs incurred in the 1977 period.

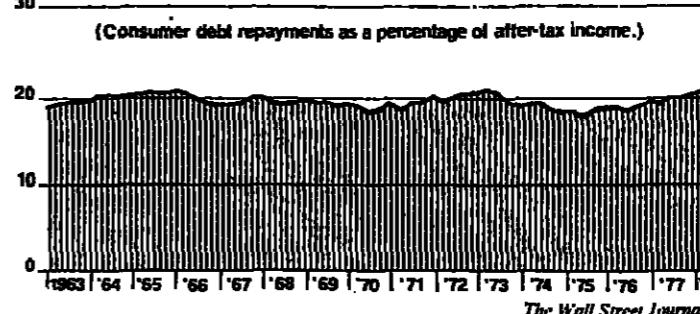
On an unadjusted basis, the ministry reported a June surplus of 2,518 million francs compared with a deficit of 145 million francs in May and a deficit of 576 million francs in June last year. On this basis, the first-half performance showed a surplus of 884 million francs compared with a deficit of 8,97 billion francs in the first six months of 1977.

Commenting on the figures, the ministry noted that although there had been a substantial decline in the cost of oil imports due to the depreciation of the dollar, "the seasonally adjusted surplus widened in June despite a persistent agricultural trade deficit and a relatively low level of auto exports." The ministry said that despite a rise in farm exports of 40 percent, France (which is traditionally a net exporter) had recorded a farm trade deficit of over 1.4 billion francs.

The ministry concluded that the positive results obtained so far this year reflect the strength of the franc, which allowed a marked slowdown in the cost of French imports.

### DEBT-BURDEN BAROMETER

(Consumer debt repayments as a percentage of after-tax income.)



## Stock Prices End Lower On Wall St.

### Interest Rate Rise, Dollar Drop Blamed

NEW YORK, July 24 (Reuters) — Continuing concern about interest rates and further weakness in the dollar pushed prices narrowly lower today on the New York Stock Exchange.

Interest rate concerns centered on forecasts by analysts that the prime rate will rise from its present 9-percent level. There were also some expectations that the Treasury's quarterly refinancing this week will produce attractive yields.

The Dow Jones industrial average fell 1.82 points to 831.60 and declined 6 advanced 842 to 569. Volume fell to 23.3 million shares from Friday's 26.06 million.

Shares of oil companies lost ground, even though a few reported improved second-quarter earnings. Texaco, the most active issue, gave up 1½ to 25¾. Exxon and Atlantic Richfield lost fractions while Standard Oil of Indiana lost a point to 49¾.

Railroad issues were also in the news. Norfolk and Western, Union Pacific and Missouri Pacific all added fractions after reporting improved earnings. Burlington Northern lost ¼ to 40.

Burlington Industries, in second place, added ¾ to 18¾. Bates Manufacturing gained ¾ before a trading halt. Colonial Stores rose 1½ to 31¾. Directors decided against Grand Union's \$30-a-share bid for Colonial.

Prices on the American Stock Exchange also fell, with the market-value index of 0.18 to 151.66.

In Chicago, wheat, corn, oats and soybeans were substantially lower at the close today on the Board of Trade.

Wheat was off 9 to 10 cents; corn off 3 to 4; oats off 3½ to 4 and soybeans off 18 to 12½ cents.

Local selling in wheat and increased country movement forced futures prices lower. Corn and soybeans were under seasonal pressure as good growing weather continued. Losses in soybeans were more dramatic with heavy professional selling dominating trade before noon.

Another analysis, by Sanford C. Bernstein & Co., a New York securities firm, reached a similar conclusion. "Our study...leads us to reject the argument that consumer spending is vulnerable to pressures emanating from a debt-service related retrenchment," it notes.

In effect, the affordable amount, the chart indicates, is one that holds debt-servicing close to 20 percent of after-tax income, year-in and year-out.

Although the repayment burden has barely altered over 15 years, the rate of loan delinquencies has run consistently at levels above those of 10 or 15 years ago. Some 3 percent of installment loans were delinquent 30 days or more in 1975, near the pit of the 1973-75 recession.

Even now, after more than three years of economic expansion, the delinquency rate is about 2.5 percent — nearly twice as high as in 1963. Even in earlier recessions the rate remained well below 2 percent.

## U.S. Consumer Debt Load Held Unaltered Since '63

NEW YORK, July 24 (AP-DJ) —

Contrary to the widely held suspicion that Americans lately have been taking on a dangerously burdensome amount of debt, their debt load, as the accompanying chart shows, was about as dangerous in 1977 as in 1963.

The chart — in effect, a gauge of the ability of consumers to carry debt — expresses repayments of principal and interest as a percentage of income after taxes, which also has risen steeply over the years.

The statistics, supplied by Data Resources, an economic research company, were drawn from various sources and reflect home-mortgage as well as consumer installment borrowing.

The result shows that over a decade and a half the debt burden has hardly budged with one of every five after-tax dollars going to repay debt — similar to the 1963 level. The message is reassuring at a time of increasing concern that the public has grown severely overloaded with debt, a situation that could aggravate the economic slowdown that many forecasters anticipate late this



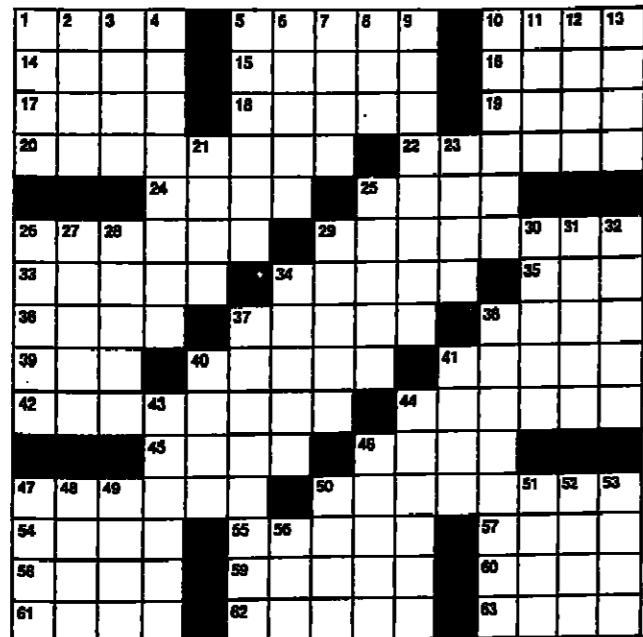






## CROSSWORD

By Eugene T. Maleska



## ACROSS

1 Headwear  
5 Standoffish  
10 Ship's front end  
14 Encourage  
15 Bacon  
16 Money in Milan  
17 S.A. capital  
18 Avant —  
19 " ... Old Cowhand"  
20 Price  
21 Duck  
22 Pierre's son  
23 Gist, as of a story  
26 "... let him first cast —"  
27 Field  
33 Mason  
34 Ship's hoisting device  
35 Great —, South African river  
36 Dry  
37 Gracular  
38 Cry of approval  
39 Gear tooth  
40 Pub servings  
41 Rabbit  
42 Saint  
44 Kitchen implements

45 Therefore  
46 Sneezy sound  
47 Shostakovich  
48 Wilder  
54 Torn  
55 Nostril  
57 Hercules' captive  
58 Indigo  
59 Castle  
60 Gather  
61 Silent  
62 Burns's river  
63 Inland sea

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62 Burns's river  
63 Inland sea

## DOWN

1 Like some stories  
2 Nichols hero  
3 Reminder  
4 White  
5 Knitting pattern  
6 Items taken from some sharks  
7 Fairy-tale figure  
8 Ref. book  
9 Belgian genre painter: 1856-1940  
10 Pedestal base  
11 "Green Mansions"  
12 Spoken  
13 Conjuror's prop

45 Therefore  
46 Sneezy sound  
47 Shostakovich  
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57 Hercules' captive  
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59 Castle  
60 Gather  
61 Silent  
62 Burns's river  
63 Inland sea

## WEATHER

C	F	MADRID	C	F	Clear
ALGARVE	25 77	Clear	MIAMI	20 84	Sunny
AMSTERDAM	26 48	Showers	MONTREAL	21 73	Cloudy
ATHENS	27 73	Clear	MOSCOW	22 72	Showers
BERLIN	28 84	Cloudy	MUNICH	23 57	Clear
BRUSSELS	29 75	Cloudy	NICE	24 72	Cloudy
BUCHAREST	30 75	Cloudy	PARIS	25 77	Cloudy
BUDAPEST	31 75	Cloudy	ROME	26 72	Cloudy
CASABLANCA	32 81	Clear	TEHRAN	27 61	Cloudy
COPENHAGEN	33 68	Cloudy	TELAVIV	28 50	Cloudy
COSTA DEL SOL	34 75	Clear	TOKYO	29 84	Clear
DUBLIN	35 72	Cloudy	TUNIS	30 82	Cloudy
EDINBURGH	36 75	Cloudy	VIENNA	31 73	Cloudy
FLORENCE	37 82	Clear	WILMINGTON	32 85	Cloudy
FRANKFURT	38 77	Clear	ZURICH	33 73	Clear
GENEVA	39 73	Cloudy		34 73	Clear
HELSINKI	40 68	Cloudy		35 73	Clear
ISTANBUL	41 75	Cloudy		36 73	Clear
LAS PALMAS	42 84	Clear		37 73	Clear
LISBON	43 88	Clear		38 73	Clear
LONDON	44 64	Overcast		39 73	Clear
LOS ANGELES	45 63	Sunny		40 73	Clear

(Yesterday's readings U.S. and Canada at 1200 GMT; all others at 1200 GMT.)

## INTERNATIONAL FUNDS

## ADVERTISEMENT

July 24, 1978

The net asset value quotations shown below are supplied by the Funds listed with the exception of those funds whose quotes are based on issue prices. The following meaning of symbols indicates frequency of publication supplied for the IFT: (d) daily; (w) weekly; (m) monthly; (r) regularly; (l) irregularly.

BANK JULIUS BAER &amp; Co Ltd:

SF 337.75 (w) Alexander Fund

SF 390.00 (w) American Fund (AEIF) ...

(d) American Fund

(d) Credit Fund

(d) IFF Fund N.V.

BRITANNIA TRUST MNGT.(C) Ltd.:

SF 16.47 (w) Capital Fund

SF 3.97 (d) Capital Open-End Fund

(d) Credit Fund

(d) Convert. Fd Int. A Carts

(d) Convert. Fd Int. B Carts

(d) Convert. Bond Fd N.V.

(d) Drivens Fund Int'l

(d) Drivens Fund Inf'l

**He Blasts Steinbrenner, Jackson****Martin's Head Again on the Block**

By Murray Chass

CHICAGO, July 24 (NYT) — Reggie Jackson returned to the Yankees yesterday, but the fragile peace that was expected to exist between him and manager Billy Martin was shattered just after the game when Martin erupted in a volatile verbal attack on Jackson and George Steinbrenner.

Martin's remarks about Steinbrenner, the Yankee owner, could result in the manager's being dismissed. Martin has a clause in his contract that forbids him from making any public comments critical of Steinbrenner. But even without that clause, Steinbrenner was said to be sufficiently outraged at Martin's comment that he would take some action today to end the stormy relationship that has existed between manager and owner for the last two years.

Martin's outburst at the O'Hare Airport terminal came yesterday about two hours after the Yankees

gained their fifth straight victory by defeating Chicago, 3-1, a game which Jackson was available for but didn't play in. At first the trade centered on Jackson, who had rejoined the Yankees after serving a five-day suspension for "deliberately disregarding" the manager's instructions. But when Martin resumed about 45 minutes later he included Steinbrenner, although not by name.

**They Deserve Each Other**

"The two of them deserve each other," Martin said, alluding to Jackson and Steinbrenner, the owner who has a fondness for the player but has no love for the manager. "One's a born liar, the other's convicted." Martin obviously alluded to Steinbrenner's conviction on charges stemming from illegal political campaign contributions a few years ago.

"I'm saying, 'Shut up, Reggie Jackson,'" the manager had begun

with no prompting. "We don't need none of your stuff. We're winning without you. We don't need you coming in and making all these comments. If he doesn't shut his mouth, he won't play and I don't care what George says. He can replace me right now if he doesn't like it."

Reached at his home in Tampa, Fla., Steinbrenner was stunned when Martin's remarks were read to him.

"I have no comment right now," the owner said after asking to have some of the remarks repeated so he could be sure he heard right. "I can't comment and I won't dignify it. I will be into it with my people. I am stunned by it. He wins a few games and . . . I just don't know what to say." Jackson, who watched the game from the bench and on a clubhouse television set, simply said, "I don't have any comment. It's just unfortunate."

**The Second Round**

In the second round of his attack, which occurred when he approached two newsmen as they headed for the Yankee plane to Kansas City, Martin indicated he had carefully timed his outburst. "I didn't say anything before the game," the manager said. "I didn't disrupt the team. We won five straight. I'm a counter-puncher."

Martin called Jackson a liar for various reasons, including statements Jackson might never have

made. Noting that Jackson had been in the clubhouse during the game, Martin said "he ran him out" and "he'll get the same thing tomorrow." Presumably he was saying Jackson wouldn't be in the lineup against Kansas City tonight.

Although there was no obvious reason for Martin's tirade, it seemed most likely that he was upset because Jackson, in a 35-minute interview with newsmen before the game, admitted no guilt for having bunted when he was ordered to hit Monday night.

**Motive Unknown**

Observers also wondered if Martin had some motive in making his remarks, perhaps a desire to have Steinbrenner fire him for reasons known only to Martin. This is the second year of the manager's three-year contract.

In his pregame interview, Jackson made no inflammatory remarks. He again denied that he had acted defiantly, but added that if he had known the consequences he would have swung away as ordered.

Martin mimicked that explanation and said sarcastically, "Call that an admission of guilt."

In beginning his comments at the airport, Martin had asked whether Jackson's "saying it wasn't his fault" constituted statements "not in the best interests of the Yankees." Under Martin's new rules of conduct for his players "a

**Billy Martin**

player will subject himself to severe disciplinary action including a possible suspension for conduct detrimental to baseball or to the New York Yankees."

"We've got a smooth-running ship here and I don't want him and his mouth coming along and breaking it up. It's like a guy getting out of jail and saying, 'I'm innocent' after he killed somebody."

"He and every one of the other players knew he defied me. Why else would he take his glasses off when he came back to the bench? He expected to get popped but good."

Martin was asked if he had to control himself not to hit him last Monday and the manager replied, "The most it's ever taken in my life."

**Weathers Late Charge****Nicklaus Captures Philadelphia Golf**

By John S. Radosta

PHILADELPHIA, July 24 (NYT) — All afternoon it looked like one of those typical Jack Nicklaus blitzes, but then Gil Morgan put up a challenge with birdies on the 15th and 16th holes, while Nicklaus was scoring a bogey on the 17th.

When the cliffhanger was done, Nicklaus had won the 16th Philadelphia Classic by one stroke yesterday, after having held as large as a three-shot lead as late as the 16th hole.

Nicklaus shot 68 to finish the 72 holes at 270, 14 under par for the Whitemarsh Valley Country Club course in suburban Lafayette Hill. Morgan shot 67 for a total of 271.

Jerry Pate and Hale Irwin, both former United States Open champions, put on fourth-round drives to tie for third at 273. The big loser was Bruce Lietzke, who led by a shot going into the final round, but who knocked himself out with a 74 for 275.

**Third Classic Title**

This is the third time Nicklaus has won the Philadelphia event, which is played on the Whitemarsh layout, a handsome little course of 6,887 yards and par 71.

Morgan came within a shot of Nicklaus with birdies on 15 and 16 and could have forced a tie with a birdie on either of the two closing holes, but he could not quite make it.

It was only a week ago Saturday that Nicklaus won his third British Open, at St Andrews in Scotland. Yesterday's victory was his 66th since he joined the PGA Tour in 1962.

Nicklaus, playing in the next-to-last threesome of the day's schedule, started the final round at 11 under par, one stroke behind Lietzke, who was playing in the final grouping.

Nicklaus instantly gave Lietzke something at which to shoot by carding a birdie 3 on the first hole, where he hit a perfect drive down the middle, pitched to 10 feet, and made the putt.

Morgan playing in the last three-

**Jack Nicklaus grimaces after missing birdie on fifth hole.**

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## Art Buchwald Answering Service

MARTHA'S VINEYARD, Mass. — What I did on my summer vacation:

I was a telephone answering service and only people who have children between the ages of 14 and 30 will appreciate what an important function I performed.

I always started after dinner as soon as my daughter Jennifer asked, "Can I use the car?"

"What time will you be back?" I asked.

"Not late. If Debbie calls, tell her I went with Tony over to Mike's, and if she doesn't get us there, we'll be at David Crohan's Bar in Oak Bluffs."

"I gotcha," I said, writing it down. "Half an hour later the phone rang, "Is Jenny there?"

"Is this Debbie?" I asked.

"No, it's Sarah. And she was supposed to meet me at the Cafe du Port in Vineyard Haven," she said.

"Well, she went with Tony over to Mike's."

"Which Mike?"

"She didn't say which Mike. Is there more than one?"

"There are three. If she calls back tell her I went to the party at Ben's."

"The party at Ben's. I've got it."



ty and Angel about bringing ice and wine. Do you have any message for Debbie?"

"Who's Debbie?" Ben said. "I don't know, but she's supposed to call Jenny and I'm to tell her she's with Tony and they went over to Mike's and then they're going to David Crohan's Bar."

"Well, don't tell Debbie about the party because I don't know how many people will be with her."

"My lips are sealed," I promised.

I got into a hot tub and the phone rang again.

The party on the other end asked for Jenny.

"Who's calling?"

"Gordon Manning."

"You can find her at Mike's, David Crohan's Bar or Ben's party, depending how lucky you are."

"I'm calling from New Hampshire."

"That's too bad. There're lots of great things going on here," I told him.

"Well, will you tell Jenny I'm coming down on Tuesday and ask her to leave my beach pass with Ellen in Edgartown? But tell her not to tell Betsy I'm coming. You got that?"

"Of course I've got it. You think I'm a dummy? Listen, I have to get off the phone because I'm expecting a call from either Debbie or Angel or the police in Chilmark depending how lucky I am."

"The party at Ben's. I've got it."

I started to worry about why Debbie or Angel hadn't called. I was watching Johnny Carson when the phone rang again.

It was Jenny. "We didn't go to David Crohan's. We're at the Phillips in Lambert's Cove."

"Now you tell me," I said angrily. "Everybody's trying to find you with the exception of Debbie, who never called."

"She's with us," Jenny replied.

"And where the hell's Angel?" I wanted to know.

"He went back to Boston."

"Do you realize Ben was counting on him to bring the ice and wine to his party? Why didn't you call me?"

"I couldn't get to a phone. Who else called?"

"Naval headquarters. They told me to tell you to report back to your ship immediately."

"Dad, are you drunk?"

"Not yet, but by the time you get home I will be."

Fifteen minutes later the phone rang again. It was Ben who wanted to tell Jenny about the party.

I explained that she was with Tony, Mike's, but was going to David Crohan's Bar.

"Well, if Angel calls," Ben said, "tell him I need ice and wine."

"Why would Angel call?" I asked.

"To find out where Tony went."

"I gocha," I said, writing it down. "Tell Jenny about your party."

Nepal Cholera Outbreak

KATHMANDU, Nepal, July 24 (UPI) — Two persons died during an outbreak of cholera in the Kathmandu area during the weekend. 317 were found to have cholera germs and 874 were treated for gastroenteritis, the official national news agency said yesterday.

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### THEIR PRESENCE

#### is not apparent when the visitor

#### arrives from the Illinois flatlands: no crosses on

#### the skyline, no billboards proclaiming

#### this 'Evangelical City.'

**PEOPLE: Ex-Sheriff Says FBI Did Not Kill Dillinger**

For 44 years, official and unofficial versions alike have agreed that Melvin Purvis and a team of FBI agents gunned down Public Enemy No. 1 John Dillinger outside a Chicago theater. Now comes a 79-year-old retired sheriff of Elina Green, Ind., telling a different version. Harley Person, who was sheriff of Kosciusko County, Ind., at the time, says a pair of gunmen named O'Neill and Zarkovich — hired by the town of East Chicago, Ind., killed Dillinger outside the Biograph Theater the night of July 22, 1934. He says he never knew their first names. "They were all killers," Person said of the Dillinger gang. "Nothin' ahead of them but death. There wasn't no pussyfootin'. Ya either got them or they got you — see?" Person said that O'Neill and Zarkovich came to his home the next morning looking for a place to hide. "We just shot Dillinger," he quoted them as saying. "We need a place to hide." The retired sheriff said that the two had made occasional secret visits to Kosciusko County, near Chicago in northwest Indiana, to swap leads with Person on Dillinger's whereabouts. Person said that East Chicago hired O'Neill and Zarkovich to kill Dillinger after a bank robbery there attributed to Dillinger resulted in the death of a school crossing guard. The men let the FBI claim responsibility for Dillinger's death to protect themselves from the wrath of his gang members, Person said.

Still, it seems possible for a family to be transferred here, take part in the schools, parks, cultural activities and other city services and never once be grabbed by both elbows by a wide-eyed evangelical looking to save another soul.

The most important newcomer in recent years was Christianity Today, a conservative weekly that had been based in Washington. When executives decided to move here in 1977, there was some talk of getting out of the amoral urban setting into the rural America. Some of its employees, evangelicals all, chose not to move.

The decision to relocate seems to reverse the ideal of evangelical penetration of secular society that motivated the founders of the magazine, said Carl F. Henry, a former editor of Christian Athlete.

Most of the executives do business at lunch time in the Hamlet Restaurant, the best in Wheaton — except that it is strategically situated outside the city limits, so that those who like to do business over a drink can do so. The city of Wheaton has been dry since it was founded by Methodists a century ago, and it is likely to become wet now that it is known as the town where Billy Graham went to college.

Business must be good, judging by the corporate headquarters in the "Christian Ghetto" in Carol Stream — Christian Life, Christianity Today, National Association of Evangelicals, Medical Assistance Program, Tyndale House Publishers, Youth for Christ International, Chapel of the Air, Hope Publishing and the Evangelical Alliance Mission, backing on each other, some on land that was made available by a wealthy evangelical.

At least 30 evangelical organizations now have main offices either in Wheaton or the industrial park at Carol Stream, taking advantage of the talent pool from Wheaton College and the resources all around them.

Their presence is not apparent when the visitor arrives from the Illinois flatlands: no crosses on the skyline, no billboards proclaiming this 'Evangelical City.'

## A Suburban Vatican of the Evangelicals

By George Vesey

WHEATON, Ill. (NYT) — Just as country musicians flock to Nashville's Music Row and Manhattan's Madison Avenue is synonymous with the advertising industry, so this pleasant Chicago suburb is gaining a reputation as the Vatican of the Evangelicals.

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We're all out of town so much that we never used to see each other," says Walker, "but now we have an unorganized, unidentified group of executive officers who meet for an executive prayer group once a month."

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